

Message Text

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TAGS: ETRD, US, KS

SUBJECT: SOUTH KOREAN FILM RESTRICTIONS

REF: A. STATE 060253 B. SEOUL 882

SUMMARY: IN RESPONSE DEPTTEL WE HAVE LOOKED INTO STATUS OF IMPORT RESTRICTIONS ON FEATURE FILMS AND SOUGHT TO IMPRESS ON ROKG DESIRABILITY FOR INCREASED IMPORTS OF U. S. FILMS. RECENT CHANGES INSTITUTED BY MINISTRY OF CULTURE & PUBLIC INFORMATION (MCPI) NOW LIMIT IMPORTATION PRIVILEGES TO 12 FIRMS WHICH MUST ALSO BE FILM PRODUCERS. 1973 IMPORT QUOTA OF 47 FILMS WILL BE DISTRIBUTED BY NEWLY FORMED STATE- RUN MOTION PICTURE PROMOTION CORP. AMONG THESE 12 FIRMS. QUOTA APPEARS TO HAVE BEEN INSTITUTED IN ORDER TO PROMOTE FINANCIAL STABILITY OF IMPORTING FIRMS, TO MINIMIZE FOREIGN COMPETITION, AND TO LESSER EXTEND TO CONTROL FOREIGN EXCHANGE.

1. SITUATION AS REPORTED IN REF A HAS RECENTLY BEEN MODIFIED BY KOREAN MINISTRY OF CULTURE AND PUBLIC INFORMATION (MCPI). MOTION PICTURE PRODUCERS ASSN OF KOREA, A PRIVATE ORGANIZATION, WAS CHANGED IN FEBRUARY 1973 INTO STATE- RUN MOTION PICTURE PROMOTION CORP. (MPPC). MPPC NOW CONSISTS OF 12 MEMBERS, EACH OF WHICH MUST HAVE W50 MILLION PAID- IN CAPITAL AND ADEQUATE PRODUCTION FACILITIES. EXPORT QUOTA OF FOUR KOREAN FEATURE FILMS AND \$20,000 IN FOREIGN EXCHANGE EARNINGS PER MEMBER HAS BEEN DROPPED.

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2. THESE CHANGES ARE DESIGNED TO UPGRADE KOREAN INDUSTRY. MUCH PRODUCTION IN PAST HAS BEEN ON SHOESTRING BASIS BY HASTILY ORGANIZED FIRMS ANXIOUS TO ESTABLISH THEMSELVES AS MAJOR PRODUCERS. THESE FILMS ARE OFTEN PRODUCED IN LESS THAN ONE MONTH, ON TOTAL BUDGET OF LESS THAN \$40,000. QUALITY IS THUS USUALLY VERY POOR WHICH, COMBINED WITH DISTRIBUTION PROBLEMS, GUARANTEES FAILURE OF BOTH FILM AND IRM. MCPI & MPPC HOPE THAT NEW REGULATIONS WILL ELIMINATE THESE UNDESIRABLE COMPANIES AND WILL FOSTER ONLY WELL- ESTABLISHED AND WELL- FINANCED ONES.

3. IMPORT QUOTA OF 47 FILMS FOR 1973 REMAINS, WITH 43 ALLOWABLE AS NORMAL IMPORTS AND FOUR AS BONUSES TO DESIGNATED IMPORTERS.

4. TELEVISION STATIONS AND UNIVERSITIES WHICH OFFER COURSES IN FILM ARE NOT SUBJECT TO QUOTA, NOR ARE FOREIGN- INVESTED FIRMS WHICH DESIRE TO IMPORT PROMOTIONAL FILMS AND THE LIKE. ALL OF THESE, HOWEVER, MUST OBTAIN PRIOR APPROVAL OF MCPI TO IMPORT. MPPC ITSELF CAN IMPORT SHORTS, DOCUMENTARIES, ETC., AGAIN WITH MCPI APPROVAL.

5. EACH OF TWELVE DESIGNATED PRODUCERS HAS PRODUCTION QUOTA OF TWO FEATURE FILMS AND IMPORT QUOTA OF ONE FEATURE FILM FOR FIRST QUARTER 1973. QUOTAS WILL BE ADJUSTED OVER SUCCEEDING QUARTERS TO MEET 1973 GOALS OF 130 DOMESTICALLY PRODUCED FEATURES AND 43 IMPORTED FEATURES (PLUS BONUS OF FOUR).

6. IN 1972, 61 FILMS WERE IMPORTED, 46 FROM U. S. (75 PERCENT). \$1.7 MILLION OF FOREIGN EXCHANGE WAS SPENT FOR THESE FILMS. NORMALLY FILM MAY BE IMPORTED ONLY IF IT WILL COST UNDER \$35,000. IF COST WILL BE HIGHER THAN THIS, SPECIAL APPROVAL CAN BE HAD FROM MCPI. IN 1972, 10 FILMS WERE IMPORTED WHICH COST MORE THAN \$35,000, INCLUDING ONE OVER \$100,000. SOME OF THESE FILMS INCLUDE SONG OF NORWAY, DIAMONDS ARE FOREVER, AND RED SUN. ACCORDING TO CHIEF, IMPORT SECTION, MPPC, ONE FIRM NOW NEGOTIATING FOR IMPORT OF THE GODFATHER.

7. WHEN QUERIED AS TO REASONS FOR EXISTENCE OF IMPORT QUOTAS, OFFICIALS OF BOTH MCPI & MPPC WERE VAGUE. IMPRESSION GAINED WAS THAT FOREIGN EXCHANGE PROBLEM WAS NOT IMPORTANT CONSIDERATION.

INDEED, THESE COSTS LAST YEAR REPRESENTED LESS THAN .10 PERCENT OF KOREA' S IMPORTS.

8. REASON MOST STRONGLY ADVANCED WAS THAT QUOTA WAS NECESSARY LIMITED OFFICIAL USE

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TO PROTECT DOMESTIC INDUSTRY, PARTICULARLY IN VIEW OF DECLINING ATTENDANCE IN RECENT YEARS. FIGURE OF 43 IMPORTS WAS CHOSEN BECAUSE IT WAS ONE- THIRD OF PRODUCTION QUOTA OF 130.

9. WE FEEL THERE IS MUCH THAT CAN BE DONE TO INDUCE RELAXATION OF QUOTA BARRIERS. IN LIGHT OF RECENT MOVES BY MINISTRY OF COMMERCE & INDUSTRY (MCI) TO EXPAND U. S. IMPORTS, WE HAVE ASKED MCI TO ADD FEATURE FILMS TO ITS LIST OF IMPORTS IT WILL ACTIVELY PROMOTE. MCI WILL HAVE TO DISCUSS WITH MCPI. WE WILL ALSO CALL ON PRODUCERS AND MPPC TO STRESS PROFITABILITY OF IMPORTING MORE U. S. FILMS.

10. WE RECOMMEND MPAA REPRESENTATIVE IN MANILA VISIT KOREA IN NEAR FUTURE TO DISCUSS SITUATION WITH EMBASSY, ROKG AND KOREAN IMPORTERS. IN ADDITION TO SUPPORTING ABOVE EMBASSY ACTIONS, HE COULD FULLY EXPLORE MPAA OFFER TO ACCEPT SOME RECEIPTS IN WON AND MIGHT BE ABLE TO ASSIST MCPI IN ADOPTING MORE FLEXIBLE QUOTA SYSTEM, SUCH AS THAT OF UNITED KINGDOM.

11. IN ADDITION, MPPC IS PLANNING CONSTRUCTION NEW STUDIO OVER NEXT FIVE YEARS WITH BUDGET OF W900 MILLION AND WOULD LIKE TO BEGIN EXAMINING CATALOGS AND QUOTATIONS NOW. PRIVATE T. O. WILL FOLLOW SHORTLY. MPAA REPRESENTATIVE COULD EXPLOIT THIS DEVELOPMENT, FOR EXAMPLE, GETTING MPPC TO ADOPT AMERICAN SPECIFICATIONS AND IN ESTABLISHING CONTACTS BETWEEN MPPC AND U. S. MANUFACTURERS. THIS MIGHT IN TURN HELP MPAA ACHIEVE ITS OBJECTIVES OF INCREASED QUOTAS.
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